



Center For Medicaid and State Operations

Gail L. Margolis, Deputy Director
Medical Care Services
Department of Health Services
714 P Street, Room 1253
Sacramento, CA 95814

Dear Ms. Margolis:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) (formerly the Health Care Financing Administration (HCFA)) is approving California's request for a two-year continuation of its voluntary Primary Care Case Management (PCCM) model waiver program authorized under section 1915(b)(1) of the Social Security Act (the Act). This approval allows California to provide Medi-Cal benefits to all qualifying Medi-Cal beneficiaries residing in Los Angeles county who voluntarily enroll in the program, to provide the full scope of Medi-Cal benefits through a combination of capitated and fee-for-service arrangements, and to share fifty percent of waiver savings generated with the contractors.

The State is granted an ongoing waiver of Section 1902(a)(30) – Upper Payment Limit - for the sole purpose of permitting the State to participate in the 50/50 savings sharing arrangement with the contractors.

Please note that your request for a Section 1915(b)(4) waiver is not approved. We have determined in conversations with the State that such a waiver is not needed as long as the State is willing to consider the inclusion of other interested health plans in the PCCM program. In addition, the State's request for a waiver of Section 1902(a)(10)(B), Comparability of Services, is also not approved. Section 1915(a) provides that a State is not deemed out of compliance with 1902(a)(10) when the program is voluntary. Since enrollment in the PCCM program is voluntary, the State does not need to waive Section 1902(a)(10)(B).

I have based my decision on the evidence submitted showing that the program is consistent with the purposes of the Medicaid program, has met statutory and regulatory requirements for access to care and quality of services, and will continue to be a cost-effective means of providing health care services to the eligible Medi-Cal population within Los Angeles, California.

California has met CMS' requirement for independent assessments of this waiver program's cost-effectiveness, access to care, and quality of services. Therefore, unless significant problems are identified in the future, CMS is no longer requiring the State to conduct further independent assessments. However, the State will continue to be responsible for documenting and ensuring that the waiver meets the cost-effectiveness, access and quality standards in subsequent renewal requests.

In addition, this approval is contingent on the following condition:

1. The State must continue to ensure that selective provider contracting program savings are not included in the fee-for-service equivalent calculations and in the savings sharing calculations.

Approval of this waiver renewal covers the two-year period from February 5, 2002 through February 4, 2004. California may request that this authority be renewed and should submit its request for renewal 90 to 120 days in advance of the expiration date.

We appreciate the State's efforts in continuing this program, which provides for accessible, quality and cost-effective health care for Medicaid enrollees, and wish you much success in your continuing activities in this area. If you have any questions, please feel free to contact Linda Minamoto in the CMS San Francisco Regional Office, Division of Medicaid, at (415) 744-3568.

Sincerely,

Michael Fiore
Director

cc: Linda Minamoto, CMS, Region IX
Rebecca Paul, CMS, Region IX